

November 30, 2006

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington DC 20552

Attention: No. 2006-44

To Whom It May Concern:

The Coalition of Community Development Financial Institutions (CDFI), a national organization representing the concerns and interests of CDFIs, welcomes the opportunity to comment on the proposed changes to Community Reinvestment Act (CRA) exams. The CDFI Coalition supports the adoption of the proposed changes and believes they will increase lending, investing and bank services in low and moderate-income communities. Thus, we urge your agency to implement your proposed changes as soon as possible.

The proposed changes are necessary for many reasons.

First, they assist the public in effectively comparing the CRA performance of banks and thrifts. Currently banks and thrifts with similar assets are subject to different CRA exams, making it difficult for communities to assess and hold accountable thrifts.

Second, mid-size thrifts with assets between \$250 million to \$1 billion currently only have a lending test. In contrast, mid-size banks have CRA exams that consist of a lending test and a community development test. The community development test rates a mid-size bank on the number of investments, bank services, and loans for affordable housing and economic development in low and moderate-income communities. This test helps encourage mid-size banks to offer a greater range of loans, investments, and services than mid-size thrifts, while also providing incentives for working with CDFIs nationwide. Thus, to encourage the expansion of financial services and accessibility to capital in low and moderate-income communities, we recommend similar standards for mid-size thrifts and mid-size banks are implemented.

Third, large thrifts with assets greater than \$1 billion have lower CRA requirements than large banks. Large thrifts must undergo a lending test, but are not obligated to have an investment test and a service test. Additionally, large thrifts can choose to have their investment and service test count for a minimal amount towards their CRA rating. In contrast, large banks always have a CRA exam in which the lending test counts for 50% of the rating, the investment test counts for 25%, and the service test counts for 25% of the rating. The large bank test has helped encourage

activities such as the building of affordable housing, community health clinics, community centers, and economic development projects, all critical to community development. The CDFI Coalition urges the OTS to establish similar weighting standards for large thrifts.

Finally, the CDFI Coalition urges the OTS to add an anti-predatory lending screen to its CRA regulation. Illegal, discriminatory, and abusive lending practices are unacceptable and the OTS should discourage such activities through CRA exams. Low and moderate-income consumers rely on the CRA to ensure fairness in lending practices. By adding an anti-predatory lending screen to its CRA regulation the OTS could discourage lending practices which drain equity from low and moderate-income communities.

Consistent CRA exams establish the same standards for banks and thrifts, making it more likely that regulatory agencies and the general public can hold banks and thrifts accountable for serving the needs of communities. Currently the different CRA standards increase the possibility that some lending institutions may avoid their community reinvestment obligations. Consistent CRA standards will further encourage banks and thrifts to expand access to capital and financial services to every community across the United States. Your actions on this matter are of great concern to CDFIs across the country and the CDFI Coalition strongly urges the OTS to enact its proposal to align their CRA exams with those of other agencies.

Thank you for your consideration of the CDFI Coalition's concerns. If you have any questions, please contact me at 703-294-6970 or Vasiloff@cdfi.org

Sincerely,

A handwritten signature in blue ink that reads "Jennifer A. Vasiloff". The signature is written in a cursive style with a horizontal line at the end.

Jennifer A. Vasiloff
Executive Director
Attached: Member Organizations of the CDFI Coalition

CDFI Coalition Member Organizations and Board of Directors

Association for Enterprise Opportunity *Kevin Kelly, Research and Policy Manager* ▪
Arlington, VA

The national trade association representing microenterprise development programs.

Coastal Enterprises, Inc. *Ronald L. Phillips, President/CEO* ▪ *Wiscasset, ME*

A Maine-based, rural community development corporation and certified CDFI that provides financing and technical assistance in development of a multitude of businesses, child care providers and affordable housing.

Community Capital Bank *Gina Bolden Rivera, Senior Vice President* ▪ *Brooklyn, NY*

A New York City-wide community development bank.

Community Development Bankers Association *Jeannine Jacokes, Senior Policy Advisor* ▪ *Washington, DC*

The national trade association representing community development banks.

Community Development Venture Capital Alliance *Kerwin Tesdell, President* ▪ *New York, NY*

A certified CDFI intermediary that serves community development venture capital funds through training, financing, consulting, research, and advocacy.

First Nations Oweesta Corporation *Elsie Meeks, Executive Director* ▪ *Kyle, SD*

A certified national Native CDFI intermediary that brings together CDFIs serving Native (Native American, Alaskan Native and Native Hawaiian) communities and reservations through research, training, technical assistance and investments.

Kentucky Highlands Investment Corporation *L. Ray Moncrief, Executive Vice President and COO* ▪ **London, KY**

A Kentucky-based CDFI supporting poverty reduction by achieving economic development through a venture capital strategy.

National Community Capital Association *Mark Pinsky, President and CEO* ▪ *Philadelphia, PA*

A national membership network that finances, trains, consults with, and advocates for CDFIs.

National Community Investment Fund *Saurabh Narain, Fund Advisor* ▪ *Chicago, IL*

A certified CDFI channeling equity, debt and information to locally-owned banks, thrifts and selected credit unions with a primary purpose of community development.

National Federation of Community Development Credit Unions *Cliff Rosenthal, Executive Director* ▪
New York, NY

A certified CDFI intermediary that serves more than 200 low-income credit unions across the USA

Self-Help *David Beck, Policy Director* ▪ *Durham, NC*

A North Carolina-based CDFI accepting deposits and providing loans to small businesses, non-profits, and homeowners nationwide.

Shorebank Corporation *Fran Grossman, Executive Vice President* ▪ *Chicago, IL*

The holding company for community development finance interventions in Chicago, Cleveland, Detroit, Upper Peninsula Michigan, and the Pacific Northwest which provides, on a domestic and international basis, advisory relationships.

Southern Bancorporation *Joe Black, Senior Vice President* ▪ *Arkadelphia, AR*

A community development bank holding company servicing rural Arkansas and the Mississippi Delta.

Woodstock Institute *Malcolm Bush, President* ▪ *Chicago, IL*

A policy, research, and technical assistance organization specializing in community development lending, community reinvestment and economic development.